

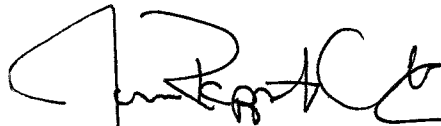


U.S. FISH AND WILDLIFE SERVICE TRANSMITTAL SHEET

PART 260 FW 5	SUBJECT Statements of Federal Accounting Concepts and Standards	RELEASE NUMBER 345
ORIGINATING OFFICE Division of Finance		DATE February 3, 2000

EXPLANATION OF MATERIAL TRANSMITTED:

This chapter establishes Servicewide policy for collecting, maintaining, and reporting financial management information in accordance with Statements of Federal Financial Accounting Concepts and Statements of Federal Financial Accounting Standards.



DIRECTOR

FILING INSTRUCTIONS:

Remove:

None

Insert:

260 FW 5, FWM 345, 02/03/00 (1 sheet)
Exhibit 1, 260 FW 5, FWM 345 (2 sheets)

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Part 260 Financial Management

Chapter 5 Statements of Federal Accounting Concepts and Standards

260 FW 5

5.1 What is the purpose of this chapter? This chapter establishes Servicewide policy for collecting, maintaining, and reporting financial management information in accordance with Statements of Federal Financial Accounting Concepts (SFFAC) and Statements of Federal Financial Accounting Standards (SFFAS).

5.2 What are SFFAC's and SFFAS's? SFFAC and SFFAS represent common data definitions that ensure we maintain financial information used in Governmentwide and Servicewide reporting in a uniform and comparable basis.

5.3 Who develops SFFAC's and SFFAS's? The Federal Account Standards Advisory Board recommends financial accounting standards. The Office of Management and Budget (OMB), the General Accounting Office (GAO), and the Department of the Treasury reviews each standard.

5.4 How are the standards issued? OMB issues the standards as circulars and bulletins, which apply to all Federal agency activities.

5.5 What is Service policy for collecting and maintaining Service financial information? You must place all financial events under general ledger control by ensuring that such events are communicated to and recorded in our official administrative accounting system.

A. External reporting. You must collect, maintain, and report all financial management information that will be used for external reporting in accordance with applicable SFFAC and SFFAS. External use and reporting require full compliance with applicable Federal financial management standards.

B. Internal reporting. For internal management purposes, you may keep financial information on a basis that will support management's need to effectively manage programs.

5.6 Are SFFAC and SFFAS applicable to all activities? SFFAC and SFFAS are applicable to all programs and activities within the Service. This includes financial management information that programs collect, maintain, and report.

5.7. What requires us to adhere to and use financial accounting standards and maintain associated systems?

A. Federal Managers Financial Integrity Act of 1982. Requires compliance with GAO accounting principles and standards, and adherence to management control standards.

B. Chief Financial Officers Act of 1990. Establishes comprehensive Federal financial accounting standards, and the requires preparation of annual agency financial statements. Each annual statement must be audited to ensure compliance with financial accounting standards.

C. Government Management Reform Act of 1994. Requires audited Governmentwide financial statements. It also encourages the development of annual accountability reports. These reports consolidate program and financial performance data required by separate statutes.

D. Federal Financial Management Improvement Act of 1996. Agencies must implement and maintain financial management systems, including the applicable portions of program systems maintaining financial information, that comply substantially with Federal financial management systems requirements, applicable Federal accounting standards, and the United States Government standard general ledger at the transaction level.

E. OMB Circular A-134, Financial Accounting Principles and Standards. Establishes the policies and procedures for approving and publishing financial accounting principles and standards. It also establishes the policies that Executive agencies and OMB follow to seek and provide interpretations and other advice related to the standards.

5.8 Who is responsible for ensuring that we meet financial standards?

A. Chief Financial Officer. The Deputy Director is the Chief Financial Officer for the Service and is responsible for ensuring that all Service programs and systems adhere to applicable Federal accounting standards for collecting and using financial information.

B. Deputy Chief Financial Officer. The Assistant Director - Administration is the Deputy Chief Financial Officer and has the authority to carry out the full range of functions of the Chief Financial Officer, except for budget formulation.

C. Assistant Directors. Assistant Directors will ensure that all financial information used for external reports to OMB and Treasury is in accordance with Federal accounting standards. Assistant Directors will maintain internal accounting and administrative controls that are sufficient to ensure the accuracy of financial management data, and the communication of all financial events to the Service's administrative accounting system.

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Part 260 Financial Management

Chapter 5 Statements of Federal Accounting Concepts and Standards

260 FW 5

D. Chief, Division of Finance. The Chief, Division of Finance assists the Deputy Chief Financial Officer by:

(1) Issuing guidance on the application of Federal accounting standards.

(2) Directing the development and operation of the Service's administrative accounting system to ensure compliance with applicable standards.

(3) Providing assistance to programs in interpreting and applying Federal accounting standards to program activities and external reporting.

(4) Ensuring Service external financial reports comply with applicable standards.

5.9 What are the financial concepts and standards?

Exhibit 1 provides a brief summary of each SFFAC and SFFAS.

SUMMARY OF FINANCIAL CONCEPTS AND STANDARDS

SFFAC I - Objectives of Federal Financial Reporting. This concept provides objectives that are designed to enhance the financial information reported by the Federal Government. The objectives are designed to guide in developing standards that enable the Federal government to:

- (1) Demonstrate accountability,
- (2) Provide useful information, and
- (3) Help internal users of financial information improve the Government's management.

SFFAC 2 - Entity and Display. This concept statement describes the basis for defining a reporting entity for the general purpose financial reporting performed by the Federal Government. The criteria for including components in a reporting entity is also provided. The Service, as a whole, is the reporting entity responsible for preparing standard Governmentwide financial reports in accordance with the applicable standards.

SFFAS 1 - Accounting for Selected Assets and Liabilities (effective since FY 1994). This statement defines and illustrates the distinction between Entity Assets and Non- Entity Assets, as well as intragovernmental and Governmental assets and liabilities. It provides guidance on whether or not the asset is considered owned by the Service. The statement also establishes specific standards for six assets and three liabilities.

Assets: Cash, Fund Balance with Treasury, Accounts Receivable, Interest Receivable, Advances and Prepayments, and Investments in Treasury Securities.

Liabilities: Accounts Payable, Interest Payable, and Other Current Liabilities.

SFFAS 2 - Accounting for Direct Loans and Loan Guarantees (effective since FY 1994). This statement requires that we account on a present value basis for direct loans obligated and loan guarantees committed after September 30, 1991. The use of the present value accounting method is consistent with the intent of the Federal Credit Reform Act of 1990.

SFFAS 3 - Accounting for Inventory and Related Property (effective since FY1994). This statement provides accounting standards that apply to several types of tangible property, other than long-term fixed assets, held by Federal Government agencies. SFFAS 3 covers assets such as inventory, operating materials and supplies, stockpile materials, seized and forfeited property, foreclosed property, and goods held under price support/stabilization programs. For guidance on equipment, buildings, and structures, refer to SFFAS 6.

SFFAS 4 - Managerial Cost Accounting Concepts and Standards (effective since FY 1998). The standards contained in this statement are aimed at providing reliable and timely information on the full cost of Federal programs, their activities, and outputs. The concepts of managerial cost accounting contained in this statement describe the relationship among cost accounting, financial reporting, and budgeting.

SFFAS 5 - Accounting for Liabilities of the Federal Government (effective since FY 1997). This statement defines "liability" as a probable future outflow or other sacrifice of resources as a result of past transactions or events. This statement establishes standards for liabilities of the Federal Government not covered in SFFAS 1 (Accounts Payable, Interest Payable, and Other Current Liabilities), SFFAS 2 (Loans), and SFFAS 6 (Property, Plant and Equipment).

SFFAS 6 - Accounting for Property Plant, and Equipment (effective since FY 1998). This statement contains accounting standards for federally owned property, plant, and equipment (PP&E); deferred maintenance on PP&E; and environmental cleanup costs.

(1) The four PP&E categories defined for accounting purposes include:

- (a) General PP&E,
- (b) Federal mission PP&E,
- (c) Heritage assets, and
- (d) Stewardship land.

(2) The Service's general PP&E consists of equipment, buildings, and structures. If a piece of equipment costs more than \$25,000, its expense is spread (depreciated) over a period of 10 years or less. If a building or structure costs more than \$50,000, its expense is usually spread over a 30-year period. The amount recorded each year as general PP&E consists of the asset's original value less the expense (depreciation) realized.

(3) Federal mission PP&E refers to assets held for national defense and, as such, is not a category relevant to the work of the Service.

(4) The Service's heritage assets consist principally of historic sites, museum collections, and cultural resources.

(5) The Service's stewardship assets consist principally of lands held within the National Wildlife Refuge System and the National Fish Hatchery System.

SFFAS 7 - Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting (effective since FY 1998). This statement contains two separate parts. The first part describes revenue and other financing sources. Revenue is defined as an inflow of resources that the Government demands, earns, or receives by donation. The second part amends SFFAC 2 by adding a new concept to satisfy users' needs for information that reconciles budgetary and financial accounting.

SFFAS 8 - Supplementary Stewardship Reporting (effective since FY 1998). This statement establishes standards for reporting on the Federal Government's stewardship over the following:

- (1) Certain resources entrusted to it, identified as stewardship property, plant, and equipment, and;
- (2) Certain responsibilities assumed by it, identified as the current service assessment. For the Service, stewardship assets include land associated with the National Wildlife Refuge

System, National Fish Hatcheries, and lands under special designations within these systems, such as Wilderness Areas, Wild and Scenic Rivers, National Natural Landmarks, and Wetlands of International Importance. Cultural resources, museum collections, and selected facilities of historic importance are also classified as stewardship assets.

SFFAS 9 - Deferral of the Effective Date of Managerial Cost Accounting Standards for the Federal Government in SFFAS 4. Amended the effective date of SFFAS 4 (Managerial Cost Accounting) from FY 1997 to FY 1998.

SFFAS 10 - Accounting for Internal Use Software (effective beginning FY 2001). This standard rescinds the provisions of SFFAS 6 for internally developed software. The standard provides consistent treatment for all internal use software. Internal use software includes software:

- (1) Purchased off-the-shelf from commercial vendors,
- (2) Commercially-developed, or;
- (3) Internally-developed. Internal use software should be capitalized and depreciated since it is considered a long-lived asset that is general PP&E.

SFFAS 11 - Amendments to Accounting for Property, Plant, and Equipment (PP&E) - Definitional Changes (effective beginning FY 1999). This standard amends the definition of Federal mission PP&E.

SFFAS 12 - Recognition of Contingent Liabilities Arising from Litigation: An Amendment of SFFAS 5, Accounting for Liabilities of the Federal Government (effective since FY 1998). This standard provides an exception to the contingent liability standard for recognizing loss contingencies for pending or threatened litigation and unasserted claims. Such loss contingencies would recognize a liability when a future outflow or other sacrifice of resources is "likely" to occur rather than when such outflow is "more likely than not" to occur, which is the threshold required by SFFAS 5 for other types of contingencies.

SSFAS 13 - Deferral of Paragraph 65.2 - Material Revenue-related Transactions Disclosures: Amending SFFAS 7, Accounting for Revenue and other Financing Sources (requirement deferred until FY 2001). This standard defers the implementation of certain provisions affecting agencies that collect taxes for the Federal Government.